



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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February 13, 2012

To: All Department Heads

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", is written over the printed name and title.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

APPOINTMENTS OF COUNTY EMPLOYEES AND RETIREES TO OVERSIGHT BOARDS FOR REDEVELOPMENT SUCCESSOR AGENCIES

This is to request submission of a list of prospective nominees for redevelopment oversight boards, as further described below, from among your current staff or retirees. **Please note that your active and expeditious assistance is critical on this high priority effort to provide assistance and support to the Board of Supervisors, and we are asking for a response by February 24, 2012.**

As part of the State of California's efforts to balance its budget, streamline government, and increase funding for basic local government services, the State legislature and the Governor eliminated redevelopment agencies by approving ABx1 26 ("Dissolution Bill"). On December 29, 2011, the California Supreme Court found the Dissolution Bill constitutional. The effect of this decision is the dissolution of redevelopment agencies throughout the State and the creation of successor agencies.

Effective February 1, 2012, all of the assets and liabilities of the former redevelopment agencies (RDAs) were transferred to the successor agencies, which will be responsible for paying the enforceable obligations and winding down the affairs of the former RDAs. The Dissolution Bill provides that oversight boards will be created for all successor agencies (71 in the County of Los Angeles). These 71 oversight boards will have the authority to oversee and direct the successor agencies to expeditiously liquidate the assets of the former RDAs.

The work of the oversight boards will have a tremendous impact on the current and future receipt of property taxes in the County of Los Angeles. As of Fiscal Year 2009-10, the annual diversion of property taxes from the County General Fund to RDAs was \$453 million. In addition, the annual loss to the Fire District was \$51 million, \$18 million to the Flood district, and \$8 million to the County Library District. As the obligations of the former RDAs are dispensed, and the assets sold off, a large portion of those proceeds will be distributed to the County taxing entities.

"To Enrich Lives Through Effective And Caring Service"

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One of the primary duties of the oversight boards will be to analyze and approve the list of legally enforceable obligations. The legal obligations of the successor agencies (bond payments, etc.) will continue to be paid, however, those current and future pledges of the former RDAs that do not qualify as legally enforceable should not be considered an obligation of the successor agency, and those property tax funds in excess of the legal obligations will be distributed to the taxing entities, including the County General Fund and other County districts.

Per the Dissolution Bill, the appointments to the oversight boards are as follows: the County Board of Supervisors (2), including a member of the public; the largest special district by property tax share in the former RDAs jurisdiction (1); the County Board of Education (1); the Chancellor of the Community College Districts (1); and the city that formed the RDA (2), including a member representing the former employees of the RDA. The Board of Supervisors will appoint the member of the public, but has asked us to compile a list of County executives and/or employees that could serve on oversight boards for their second appointment, and for the appointment of the special district, as most of the largest special districts are County districts with the Board serving as their governing body.

Therefore, needing at least two appointees for 71 oversight boards, we need your assistance in identifying candidates for these important appointments that will protect the County's fiscal interests. The following might assist in identifying potential appointees:

1. Appointees should recognize and understand that the oversight boards have a fiduciary responsibility to the holders of legally enforceable debt of the former RDAs and to the taxing entities that will benefit from the winding down of the agencies.
2. Duties of the oversight boards will include a detailed review of the enforceable obligation schedule, and directing the successor agencies to dispose of unencumbered assets.
3. Time commitments will vary based on the size and complexity of the affairs of each successor agency. We believe most successor agencies will require weekly meetings in the next several months of operation, then monthly meetings during the first year or two, and less frequent meetings thereafter. According to the law, the 71 oversight boards will be combined into one countywide board in 2016.

4. The oversight board meetings will be public meetings as defined in the Brown Act, and as public meetings, some might be scheduled in the evening hours or on weekends. In addition to the oversight board meetings, there will be training sessions, and some time will be necessary for the appointees to prepare for the meetings. It is therefore difficult to predict how much time each appointee will be required to be away from their departmental duties.
5. Desirable qualifications of appointees include:
 - Detail-oriented. Some accounting, audit, or finance background would be useful in the review of obligations.
 - Available to attend meetings. All actions of the oversight boards require a quorum, so attendance will be necessary in order for the oversight boards to carry out their responsibilities.
 - Independent. It is possible that disputes will arise regarding the approval of obligations, as cities might seek to preserve existing expenditures. Public meetings could include numerous persons seeking to support such expenditures. Oversight board members will need to uphold their fiduciary responsibilities according to the law, regardless of public opinion.
6. Oversight board members do not receive compensation or reimbursement of expenses, and serve at the pleasure of the jurisdiction that appoints them. We are recommending that the Board allow County employees to receive their normal salary for fulfilling duties of the oversight boards. Please note that the determination as to whether overtime and other benefits are warranted will depend on whether the individual is covered by an existing MOU and/or is an employee that is covered by the Fair Labor Standards Act."
7. We are also recommending to the Board that: oversight board members need not be residents of the County of Los Angeles, and that members appointed representing a Board-governed special district do not need to be employees of, or affiliated with the special district.
8. Members shall have personal immunity from their actions related to the oversight boards.
9. Persons can serve on up to five oversight boards.

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Please be mindful of potential conflicts of interest that may exist for potential nominees and certain former RDAs (e.g., possible financial interests of family members with former RDAs). County Counsel will provide guidance regarding potential conflicts.

Please share this information with all appropriate management and staff in your department. In addition, please consider nominating County retirees from your department, should they possess the desired qualifications. However, we cannot offer compensation for retirees. We need to process the oversight board appointments as soon as possible, so we would like to have a list of potential candidates by February 24, 2012.

As potential oversight board appointees are identified, please forward the names and contact information to Robert Moran of this Office, using the attached form. We will assume that any potential oversight board appointees submitted from your department will be approved to serve on an oversight board should they be selected. Should you have any questions, please contact Mr. Moran at (213) 974-1130 or rmoran@ceo.lacounty.gov.

WTF:EFS:MKZ
CA:RTM:ib

Attachment

c: Each Supervisor